

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: RIGHTS AND REMEDIES FOR GAS AND ELECTRIC CUSTOMERS	DOCKET NO. RMU-01-10
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ORDER COMMENCING RULE MAKING

(Issued September 6, 2001)

Pursuant to the authority of Iowa Code §§ 476.1, 476.1A, 476.1B, 476.2, 476.20, and 17A.4 (2001), the Utilities Board (Board) proposes to adopt the amendments attached hereto and incorporated herein by reference in this order. The Board proposes to amend 199 IAC 19.4(10)"c," 19.4(10)"d," and 19.4(15)"h"(3). The Board also proposes to amend 199 IAC 20.4(11)"c," 20.4(11)"d," and 20.4(15)"h"(3). The amendments to Chapters 19 and 20 are identical and will implement changes to the "Rights and Remedies" for gas and electric customers. This proceeding has been identified as Docket No. RMU-01-10. The reasons for proposing these amendments are set forth in the attached notice of intended action.

IT IS THEREFORE ORDERED:

1. A rule making proceeding identified as Docket No. RMU-01-10 is commenced for the purpose of receiving comments on the proposed rules in the notice attached hereto and incorporated herein by reference in this order.

2. The Executive Secretary is directed to submit for publication in the Iowa Administrative Bulletin a notice in the form attached to and incorporated by reference in this order.

UTILITIES BOARD

/s/ Allan T. Thoms

/s/ Diane Munns

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Mark O. Lambert

Dated at Des Moines, Iowa, this 6th day of September, 2001.

UTILITIES DIVISION [199]

Notice of Intended Action

Pursuant to Iowa Code sections 17A.4, 476.1, 476.1A, 476.1B, 476.2, and 476.20 (2001), the Utilities Board (Board) gives notice that on September 6, 2001, the Board issued an order in Docket No. RMU-01-10, In re: Rights and Remedies for Gas and Electric Customers, "Order Commencing Rule Making." The Board is proposing to amend 199 IAC 19.4(10)"c," 19.4(10)"d," 19.4(15)"h"(3), 20.4(11)"c," 20.4(11)"d," and 20.4(15)"h"(3). These amendments are the result of information the Board obtained in its recent docket concerning the consequences of the extreme cold and high gas prices during the 2000-2001 winter heating season, Docket No. NOI-01-1.

The Board in Docket No. NOI-01-1 discovered that many utilities were not applying the Board's rules on payment agreements properly. The Board found that companies were using the 12-month minimum agreement required by 199 IAC 19.4(10) and 20.4(11) as a maximum length rather than a minimum. The Board addressed this situation in the docket and determined that the "Rights and Remedies" section of the rules should be updated to better explain this requirement.

The proposed amendments explain the requirement that a utility must inform a customer that the customer is entitled to a first payment agreement of at least 12 months, and if the customer does not consider the agreement offered by the utility reasonable, the customer may propose an agreement. The proposed

amendments also explain that a customer does not have the right to a second payment agreement if the customer does not make the payments required under the first agreement. The amendments also explain requirements if a utility intends to refuse a payment agreement offered by the customer. The refusal must be sent in writing to the customer and the customer may ask the Board for assistance in reaching a reasonable agreement with the utility.

Pursuant to Iowa Code sections 17A.4(1)"a" and "b," any interested person may file a written statement of position pertaining to the proposed amendment. The statement must be filed on or before October 23, 2001, by filing an original and ten copies in a form substantially complying with 199 IAC 2.2(2). All written statements should clearly state the author's name and address and should make specific reference to this docket. All communications should be directed to the Executive Secretary, Iowa Utilities Board, 350 Maple Street, Des Moines, Iowa 50319-0069.

No oral presentation is scheduled at this time. Pursuant to Iowa Code section 17A.4(1)"b," an oral presentation may be requested or the Board on its own motion after reviewing the statements may determine that an oral presentation should be scheduled.

These amendments are intended to implement Iowa Code sections 17A.4, 476.1, 476.1A, 476.1B, 476.2, and 476.20.

The following amendments are proposed.

Item 1. Amend paragraph 19.4(10)"c" as follows:

19.4(10)"c" *Terms.* The agreement may require the customer to bring the account to a current status by paying specific amounts at scheduled times. The

utility shall offer customers or disconnected customers the option of spreading payments evenly over at least 12 months. Payments for potential customer agreements may be spread evenly over at least 6 months.

The agreement shall also include provision for payment of the current account. The agreement negotiations and periodic payment terms shall comply with tariff provisions which are consistent with these rules.

When the customer makes the agreement in person, a signed copy of the agreement shall be provided to the customer, disconnected customer or potential customer

The utility may offer the customer the option of making the agreement over the telephone or through electronic transmission. When the customer makes the agreement over the telephone or through electronic transmission, the utility will render to the customer a written document reflecting the terms and conditions of the agreement within three days of the date the parties entered into the oral agreement. The document will be considered rendered to the customer when deposited in the U.S. mail with postage prepaid. If delivery is by other than U.S. mail, the document shall be considered rendered to the customer when delivered to the last-known address of the person responsible for payment for the service. The document shall state that unless the customer notifies the utility within ten days from the date the document is rendered, it will be deemed that the customer accepts the terms as reflected in the written document. The document stating the terms and agreements shall include the address and toll-free number where a qualified representative can

be reached. By making the first payment, the customer confirms acceptance of the terms of the oral agreement.

If the payment agreement proposed by the utility is not acceptable, the customer may propose an alternative agreement to the company.

Second agreement. If a customer has retained service from November 1 through April 1 but is in default of a payment agreement, the utility may offer the customer a second payment agreement that will divide the past-due amount into equal monthly payments with the final payment due by the fifteenth day of the next October. The utility may also require the customer to enter into a level payment plan to pay the current bill.

The customer who has been in default of a payment agreement from November 1 to April 1 may be required to pay current bills based on a budget estimate of the customer's actual usage, weather-normalized, during the prior 12-month period or based on projected usage if historical use data is not available.

Item 2. Amend paragraph 19.4(10)"d" as follows:

19.4(10)"d" *Refusal by utility.* ~~If the utility intends to refuse a payment agreement offered by a customer, it must provide a written refusal to the customer. That refusal, with explanation, must be made within 30 days of mailing of the initial disconnection notice. A customer may protest the utility's refusal by filing a written complain, including a copy of the utility's refusal, with the board within 10 days after receipt of the written refusal. If the utility intends to refuse a payment agreement to disconnected or potential customer, it must provide a written refusal within 10 days of the application for payment agreement.~~

If the utility intends to refuse a payment agreement offered by a customer, it may do so verbally, but must provide a written refusal to the customer. That written refusal, with explanation, must be rendered within three days of making the decision to refuse. The document shall be considered rendered to the customer when deposited in the U.S. mail with postage prepaid. If delivery is by other than U.S. mail, the document shall be considered rendered to the customer when handed to the person, or when delivered to the last known address of the person responsible for the payment for the service. A customer may ask the board for assistance in working out a reasonable payment agreement. The request for assistance must be made to the board within ten days after the rendering of the written refusal. During this request the utility may not disconnect the service. If the utility intends to refuse a payment agreement to a disconnected customer or applicant for service, it must provide a written refusal within ten days of the application for payment agreement.

Item 3. Amend subparagraph 19.4(15)"h"(3) as follows:

19.4(15)"h"(3) The summary of the rights and remedies must be approved by the board. Any utility providing gas service and defined as a public utility in Iowa Code section 476.1 which does not use the standard form set forth below for customers billed monthly shall submit to the board an original and six copies of its proposed form for approval.

CUSTOMER RIGHTS AND REMEDIES TO AVOID DISCONNECTION

The following is a summary of your rights and remedies under the rules of the Utilities Division of the Iowa Department of Commerce to avoid disconnection of utility service.

Disconnection can be avoided by paying the past due amount or by making arrangements to pay on or before the date listed on the notice.

Disconnection for nonpayment may occur only after we have sent a written notice of disconnection by regular mail postmarked at least 12 days before service is to be shut off. This notice must include the reason for disconnection. We must try to contact you by phone or in person prior to disconnection. If disconnection is scheduled between November 1 and April 1 and it has not been possible to contact you by phone or in person, a notice must be placed on the door of the home at least one day before service is disconnected.

Disconnection of your service may take place only between the hours of 6 a.m. and 2 p.m. on a weekday and not on weekends or holidays. If you make payment or other arrangements during normal business hours, or by 7 p.m. for utilities permitting such payment or other arrangements after normal business hours, all reasonable efforts shall be made to reconnect your service that day. If you make payment or other arrangements after 7 p.m., all reasonable efforts shall be made to reconnect your service not later than 11 a.m. the next day. Between November 1 and April 1, we cannot require you to pay a deposit before service is reconnected or as part of an agreement for service to be continued.

~~*Delinquent bill.* If you are unable to pay a past due bill in full, you will be given an opportunity to enter into a payment agreement to avoid disconnections of service. The agreement will be negotiated to meet your individual needs and you may spread payments for the past due bill over at least 12 months. You must also agree to pay each new monthly bill as it comes due. If you refuse an agreement, you will be told in~~

~~writing why we refused, and you may continue to pay under your proposed agreement without disconnection of service if you ask the Board (within 10 days after receiving the written refusal) for assistance in working out an agreement with us. (Iowa Utilities Board, 350 Maple street, Des Moines, Iowa 50319, (515) 281-3839 or toll-free (877) 565-4450). If you break the payment agreement, we are not required to offer you a second payment agreement and may disconnect service on one day's notice.~~

If you are unable to pay a past due bill in full, you can avoid disconnection of service by entering into a payment agreement. We will offer you an agreement that will allow you to spread payments over at least 12 months. You must also agree to pay each new monthly bill as it comes due. If you need to spread payments over a longer period, you may offer us a payment agreement you think is reasonable. If we refuse your offer in person or by telephone, we will tell you why we refuse. We will also render a written explanation documenting our refusal within three days. If we refuse your offer, you have 10 days to ask the Iowa Utilities Board (IUB) Customer Service Section for assistance in working out a reasonable payment agreement. When you request assistance from the IUB, we will delay disconnection during this request. While we delay disconnection, you must make payments in accordance with your proposed payment agreement and pay each new monthly bill as it comes due. You may contact the IUB by calling (515) 281-3839 or toll-free (877) 565-4450. You may also write to them at 350 Maple Street, Des Moines, Iowa 50319, or by electronic mail to iubcustomer@max.state.ia.us.

Broken agreements. If you break a payment agreement, we are not required to offer you a second payment agreement. We may disconnect your service on one day's notice. If we do offer you a second payment agreement, we are not required to offer a minimum repayment period.

Health. Disconnection for nonpayment will be delayed 30 days if a physician or public health official determines that a permanent resident in your house has a serious health problem and will be endangered if service is shut off. At our request, a telephone call from the physician or public health official to our office must be followed up by a letter within five days. During the 30-day delay, you must work out a payment agreement. If the physician or health official states that the health problem still exists at the end of the initial 30 days, you may receive an additional 30-day delay.

Disputed bill. If you disagree with the accuracy of your bill, you may pay the undisputed portion and notify our office of the disagreement. Disconnection will be delayed for up to 45 days from the date the bill was mailed so that the disagreement may be settled. If you file a written complaint with the board (address and telephone number listed previously), disconnection may be further postponed, should the board request the extension.

Winter energy assistance (November 1 through April 1). You may be eligible for low-income energy assistance or weatherization funds. If you tell us that you may qualify for energy assistance, you will be given 12 days from the date on which the disconnection notice was mailed to apply to the local community action agency. You must apply prior to the disconnection date. If the community action agency certifies

you as being eligible for either low-income assistance or weatherization assistance within 30 days from the date of your application, then your service cannot be disconnected between November 1 and April 1.

It is unlikely, however, that energy assistance funds will pay all of your utility bills. It is to your advantage to make a payment arrangement now to avoid disconnection of your service after April 1.

If you have been certified as eligible for assistance, and you receive a disconnection notice from our gas or electric company, it is up to you to ensure that the utility is notified of your eligibility. Your certification will cover the current November 1 through April 1 period only. For further information on how to apply for assistance and qualifications, contact our business office, the Division of Community Action Agencies of the Department of Human Rights, Lucas State Office Building, Des Moines, Iowa 50319 (1-515-281-0859), or your community action agency [list of community action agency addresses and telephone numbers for the utility's service territory].

Item 4. Amend paragraph 20.4(11)"c" as follows:

20.4(11)"c" *Terms.* The agreement may require the customer to bring the account to a current status by paying specific amounts at scheduled times. The utility shall offer customers or disconnected customers the option of spreading payments evenly over at least 12 months. Payments for potential customer agreements may be spread evenly over at least 6 months.

The agreement shall also include provision for payment of the current account. The agreement negotiations and periodic payment terms shall comply with tariff provisions which are consistent with these rules.

When the customer makes the agreement in person, a signed copy of the agreement shall be provided to the customer, disconnected customer or potential customer.

The utility may offer the customer the option of making the agreement over the telephone or through electronic transmission. When the customer makes the agreement over the telephone or through electronic transmission, the utility will render to the customer a written document reflecting the terms and conditions of the agreement within three days of the date the parties entered into the oral agreement. The document will be considered rendered to the customer when deposited in the U.S. mail with postage prepaid. If delivery is by other than U.S. mail, the document shall be considered rendered to the customer when delivered to the last-known address of the person responsible for payment for the service. The document shall state that unless the customer notifies the utility within ten days from the date the document is rendered, it will be deemed that the customer accepts the terms as reflected in the written document. The document stating the terms and agreements shall include the address and toll-free number where a qualified representative can be reached. By making the first payment, the customer confirms acceptance of the terms of the oral agreement.

If the payment agreement proposed by the utility is not acceptable, the customer may propose an alternative agreement to the company.

Second agreement. If a customer has retained service from November 1 through April 1 but is in default of a payment agreement, the utility may offer the customer a second payment agreement that will divide the past-due amount into equal monthly payments with the final payment due by the fifteenth day of the next October. The utility may also require the customer to enter into a level payment plan to pay the current bill.

The customer who has been in default of a payment agreement from November 1 to April 1 may be required to pay current bills based on a budget estimate of the customer's actual usage, weather-normalized, during the prior 12-month period or based on projected usage if historical use data is not available.

Item 5. Amend paragraph 20.4(11)"d" as follows:

20.4(11)"d" *Refusal by utility.* ~~If the utility intends to refuse a payment agreement offered by a customer, it must provide a written refusal to the customer. That refusal, with explanation, must be made within 30 days of mailing of the initial disconnection notice. A customer may protest the utility's refusal by filing a written complain, including a copy of the utility's refusal, with the board within 10 days after receipt of the written refusal. If the utility intends to refuse a payment agreement to disconnected or potential customer, it must provide a written refusal within 10 days of the application for payment agreement.~~

If the utility intends to refuse a payment agreement offered by a customer, it may do so verbally, but must provide a written refusal to the customer. That written refusal, with explanation, must be rendered within three days of making the decision to refuse. The document shall be considered rendered to the customer when

deposited in the U.S. mail with postage prepaid. If delivery is by other than U.S. mail, the document shall be considered rendered to the customer when handed to the person, or when delivered to the last known address of the person responsible for the payment for the service. A customer may ask the board for assistance in working out a reasonable payment agreement. The request for assistance must be made to the board within ten days after the rendering of the written refusal. During this request the utility may not disconnect the service. If the utility intends to refuse a payment agreement to a disconnected customer or applicant for service, it must provide a written refusal within ten days of the application for payment agreement.

Item 6. Amend subparagraph 20.4(15)"h"(3) as follows:

20.4(15)"h"(3) The summary of the rights and remedies must be approved by the board. Any utility providing electric service and defined as a public utility in Iowa Code section 476.1 which does not use the standard form set forth below for customers billed monthly shall submit to the board an original and six copies of its proposed form for approval.

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The following is a summary of your rights and remedies under the rules of the Utilities Division of the Iowa Department of Commerce to avoid disconnection of utility service.

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Disconnection for nonpayment may occur only after we have sent a written notice of disconnection by regular mail postmarked at least 12 days before service is to be

shut off. This notice must include the reason for disconnection. We must try to contact you by phone or in person prior to disconnection. If disconnection is scheduled between November 1 and April 1 and it has not been possible to contact you by phone or in person, a notice must be placed on the door of the home at least one day before service is disconnected.

Disconnection of your service may take place only between the hours of 6 a.m. and 2 p.m. on a weekday and not on weekends or holidays. If you make payment or other arrangements during normal business hours, or by 7 p.m. for utilities permitting such payment or other arrangements after normal business hours, all reasonable efforts shall be made to reconnect your service that day. If you make payment or other arrangements after 7 p.m., all reasonable efforts shall be made to reconnect your service not later than 11 a.m. the next day. Between November 1 and April 1, we cannot require you to pay a deposit before service is reconnected or as part of an agreement for service to be continued.

~~*Delinquent bill.* If you are unable to pay a past due bill in full, you will be given an opportunity to enter into a payment agreement to avoid disconnections of service. The agreement will be negotiated to meet your individual needs and you may spread payments for the past due bill over at least 12 months. You must also agree to pay each new monthly bill as it comes due. If you refuse an agreement, you will be told in writing why we refused, and you may continue to pay under your proposed agreement without disconnection of service if you ask the Board (within 10 days after receiving the written refusal) for assistance in working out an agreement with us. (Iowa Utilities Board, 350 Maple street, Des Moines, Iowa 50319, (515) 281-~~

~~3839 or toll-free (877) 565-4450). If you break the payment agreement, we are not required to offer you a second payment agreement and may disconnect service on one day's notice.~~

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Broken agreements. If you break a payment agreement, we are not required to offer you a second payment agreement. We may disconnect your service on one day's notice. If we do offer you a second payment agreement, we are not required to offer a minimum repayment period.

Health. Disconnection for nonpayment will be delayed thirty days if a physician or public health official determines that a permanent resident in your house has a serious health problem and will be endangered if service is shut off. At our request, a telephone call from the physician or public health official to our office must be followed up by a letter within five days. During the thirty-day delay, you must work out a payment agreement. If the physician or health official states that the health problem still exists at the end of the initial thirty days, you may receive an additional thirty-day delay.

Disputed bill. If you disagree with the accuracy of your bill, you may pay the undisputed portion and notify our office of the disagreement. Disconnection will be delayed for up to forty-five days from the date the bill was mailed so that the disagreement may be settled. If you file a written complaint with the Board (address and telephone number listed previously), disconnection may be further postponed, should the Board request the extension.

Winter energy assistance (November 1 through April 1). You may be eligible for low-income energy assistance or weatherization funds. If you tell us that you may qualify for energy assistance, you will be given twelve days from the date on which the disconnection notice was mailed to apply to the local community action agency. You must apply for assistance prior to the disconnection date. If the community action agency certifies you as being eligible for either low-income assistance or weatherization assistance within thirty days from the date of your application, then your service cannot be disconnected between November 1 and April 1.

It is unlikely, however, that energy assistance funds will pay all of your utility bills. It is to your advantage to make a payment arrangement now to avoid disconnection of your service after April 1.

If you have been certified as eligible for assistance, and you receive a disconnection notice from our gas or electric company, it is up to you to ensure that the utility is notified of your eligibility. Your certification will cover the current November 1 through April 1 period only. For further information on how to apply for assistance and qualifications, contact our business office, the Division of Community Action Agencies of the Department of Human Rights, Lucas State Office Building, Des Moines, Iowa 50319 (1-515-281-0859), or your community action agency [list of community action agency addresses and telephone numbers for the utility's service territory].

September 6, 2001

/s/ Allan T. Thoms
Allan T. Thoms
Chairperson